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AUTHOR Endicott, Frank S.
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ABSTRACT

A total of 202 companies responded to a survey of policy and practice in the employment of university and college graduates in business and industry. Among results of the survey were that 54 percent of the respondents indicated that business outlook was better than 1977 and that they planned to contact the same number of colleges as last year. The reporting companies expected to hire 14 percent more college graduates at the bachelor's level in 1978 than were employed from 1977 classes, and 9 percent more at the master's level. Almost all starting salaries will increase from 3 to 7 percent. When colleges were chosen for recruiting the most important factor was reported to be the strength of the offering in the fields of special interest to the companies. Forty-five percent of the companies indicated that it would be helpful to earn an MBA degree in order to achieve a management position. Experience in the company was ranked more important than an MBA by 55 percent of the companies. When employers were asked to offer suggestions for improvements in colleges and universities they most frequently listed more practical and work-related courses, more attention to communication skills, more adequate counseling and career planning services, better understanding of the job market by students, and closer relationships with business and industry. (PHR)

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Thirty-second annual
survey of well-known business
and industrial firms concerning

EMPLOYMENT TRENDS

for college graduates

ED176600

THE ENDICOTT REPORT 1978

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By FRANK S. ENDICOTT
Retired Placement Director

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THE ENDICOTT REPORT

Trends in the Employment of

College and University Graduates in

Business and Industry

1978

THIRTY-SECOND ANNUAL REPORT

A Survey of 202 Well-known Business

and Industrial Concerns

by

FRANK S. ENDICOTT
Director of Placement, Emeritus
Northwestern University

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Evanston, Illinois

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INTRODUCTORY STATEMENT

This is the thirty-second annual survey of policy and practice in the employment of college and university graduates in business and industry. A total of 202 well-known companies responded to the inquiry. All but a few are large or medium sized corporations. Almost all of these companies have recruited college graduates for many years. Reports came from 24 states and Washington, D.C., representing all major regions of the nation.

Survey forms were returned during the period from November 1 to November 25, 1977. At that time, there was much discussion of an impending energy shortage but no national policy had yet been determined. Unemployment remained abnormally high and there was little evidence to indicate that inflation had slowed significantly.

A year ago, college seniors experienced a somewhat improved job market except for those prepared to teach. Early indications were that there was increased activity in the college placement offices. In most institutions, more students were utilizing placement services. More employers were scheduling interviews.

A major purpose of these reports is to supply information which will be of interest to colleges and universities as well as to employers. This year's survey includes an analysis of how companies select schools to visit, their evaluation of the importance of the MBA degree and their suggestions for college administrators in schools of engineering, colleges of business administration, and colleges of liberal arts.

The willingness of hundreds of corporate personnel executives to supply information, often at considerable cost in time and effort, is greatly appreciated and care is taken not to identify the responding companies in any way.

SOURCES OF DATA

The 202 responding companies represent a variety of business interests. They are classified as follows:

Light Manufacturing	31	Public Accounting	7
Utilities	29	Research/Engineering	5
Machinery/Heavy Equipment	27	Oil/Gas	5
Retail Store/Mail Order	16	Carriers	4
Insurance	16	Textiles/Rubber	3
Banking/Investments	12	Automobile/Aircraft	3
Drugs/Chemicals	10	Paper/Paper Products	3
Food/Grain Processing	8	Printing/Publishing	2
Steel/Other Metals	7	Advertising	2
Bldg. Material/Construction	7	Others	5

BUSINESS OUTLOOK FOR 1978

The general business outlook for 1978, as estimated by the responding companies, was as follows:

BETTER THAN 1977	54%
ABOUT THE SAME AS 1977	42%
NOT AS GOOD AS 1977	4%
Number of companies reporting	198

PLANS FOR RECRUITING FROM 1978 CLASSES

Plan to contact MORE colleges next year	27%
Plan to contact SAME NUMBER of colleges next year	54%
Plan to contact FEWER colleges next year	19%
Number of companies reporting	200

NEEDS FOR COLLEGE GRADUATES FROM 1978 CLASSES

	Bachelor's Degree	Master's Degree
Total needs UP	70%	46%
Total needs SAME as last year	11%	15%
Total needs DOWN	19%	39%
Number of companies reporting	180	115

THE EMPLOYMENT OF INEXPERIENCED COLLEGE GRADUATES DURING THE PAST YEAR
AND FOR NEXT YEAR AS REPORTED BY 183 COMPANIES

BACHELOR'S LEVEL	Past year (1977) No. Companies	Past year (1977) No. Grads.	Next year (1978) No. Companies	Next year (1978) No. Grads.
Engineering	118	5122	123	6299
Accounting	102	4019	101	4410
Sales-Marketing	77	1799	85	1929
Business Administration	88	1633	92	1774
Liberal Arts	56	1001	53	1016
Chemistry	40	323	41	377
Mathematics - Statistics	43	284	40	359
Economics - Finance	34	328	30	347
Computer Science	65	638	65	815
Other Fields	41	411	36	421
TOTALS - BACHELOR'S LEVEL		15,558		17,747
MASTER'S LEVEL				
Engineering	50	643	46	856
Other Technical Fields	31	338	31	376
MBA with Technical BS	33	281	36	296
MBA with Non-technical BA	66	618	64	640
Accounting	25	1353	22	1403
Other Non-technical Fields	24	164	16	124
TOTALS - MASTER'S LEVEL		3,397		3,695

Engineering: Bachelor's	UP for 1978 ... 23%	Master's	UP for 1978 ... 33%
Non-Engineering: Bachelor's	UP for 1978 ... 10%	Master's	UP for 1978 ... 3%
TOTALS: Bachelor's Level	UP for 1978 ... 14%	Master's	UP for 1978 ... 9%

COLLEGE GRADUATES TO BE HIRED AT VARIOUS SALARY LEVELS - BACHELOR'S DEGREE - 1978 CLASSES
(Number of hiring companies in parentheses)

Field	$800 or Less	$801 to $900	$901 to $1000	$1001 to $1100	$1101 to $1200	$1201 to $1300	$1301 to $1400	$1401 to $1500	$1501 to $1600	Average Starting Salary*
Engineering (123)				10 (3)	114 (7)	962 (41)	3384 (46)	1233 (19)	596 (7)	$1390
Accounting (101)		12 (5)	68 (16)	363 (34)	3865 (37)	92 (7)	10 (2)			$1122
Sales-Mktg. (85)	96 (5)	215 (10)	402 (23)	529 (26)	461 (9)	226 (12)				$1053
Bus. Admin. (92)	195 (4)	347 (13)	320 (23)	411 (29)	399 (13)	102 (10)				$1004
Lib. Arts (53)	146 (5)	408 (12)	119 (14)	152 (12)	139 (7)	42 (3)				$ 950
Chemistry (41)		19 (2)	28 (5)	55 (4)	81 (14)	103 (13)	83 (2)	8 (1)		$1225
Math-Stat. (40)		17 (4)	22 (9)	68 (8)	102 (9)	129 (8)	21 (2)			$1136
Econ-Fin. (30)		85 (8)	72 (7)	135 (6)	32 (5)	23 (4)				$1006
Computer Sci. (65)		16 (3)	94 (11)	105 (15)	204 (18)	206 (13)	176 (3)	14 (2)		$1180
Other Fields (36)	2 (1)	27 (4)	61 (5)	160 (10)	38 (9)	26 (4)	62 (2)	45 (1)		$1154

*Salary per month. Averages take into account the number of graduates to be hired at each salary level.

Corresponding averages paid to graduates of 1977 classes:

Engineering	$1303	Accounting	$1088	Sales-Mktg.	$1007
Bus. Admin.	$ 963	Lib. Arts	$ 917	Math-Stat.	$1063
Chemistry	$1174	Econ-Fin.	$ 952	Comp. Sci.	$1099
		Other Fields	$1123		

COLLEGE GRADUATES TO BE HIRED AT VARIOUS SALARY LEVELS

MASTER'S DEGREE - 1978 CLASSES

(Number of hiring companies in parentheses)

Field	$1200 or Less	$1201 to $1300	$1301 to $1400	$1401 to $1500	$1501 to $1600	$1601 to $1700	$1701 to $1800	Over $1800	Average Starting Salary*
Engineering (46)		2 (1)	111 (6)	309 (18)	324 (14)	110 (7)			$1521
Other Tech. Fields (31)	5 (1)	22 (7)	26 (7)	190 (13)	132 (2)	1 (1)			$1479
MBA with Tech. BS (36)	2 (1)	2 (1)	34 (5)	106 (10)	52 (8)	36 (3)	26 (6)	38 (2)	$1574
MBA with Non-Technical BA (64)	8 (2)	53 (11)	195 (15)	116 (14)	160 (12)	59 (4)	35 (3)	14 (3)	$1483
Accounting (22)	2 (2)	381 (2)	935 (10)	15 (3)	36 (2)	12 (2)		2 (1)	$1329
Other Non-Tech. Fields (16)	6 (1)	2 (2)	63 (7)	22 (2)	29 (3)			2 (1)	$1365

*Salary averages take into account the number of graduates to be hired at each salary level.

CORRESPONDING AVERAGES PAID LAST YEAR (1977)

FOR GRADUATES WITH THE MASTER'S DEGREE

Engineering	$1457
Other Technical Fields	$1413
MBA with Technical BS	$1479
MBA with Non-technical BA	$1406
Accounting	$1284
Other Fields	$1291

DO SCHOOLS DIFFER SIGNIFICANTLY BY TYPE, SIZE, OR LOCATION?

The question was: After selecting the graduates you wish to employ, are there significant differences among those who come from various types of schools such as public or private institutions, large universities, small colleges, eastern, western, midwest, or southern schools?

Response by 188 companies: YES: 20% NO: 80%

Respondents who answered YES to the question listed a variety of differences. Most frequently mentioned were a greater breadth and depth of curriculum in larger schools, greater selectivity in private schools, and the reluctance of graduates from certain geographical areas to relocate. Illustrative comments follow:

"Large midwest state universities seem to have greater numbers of well-qualified engineers and other technical graduates we need."
"Graduates from large private schools adapt more easily to our corporate environment."
"Large schools have better organized placement services and respond more promptly to our requests."
"Selective schools usually have higher quality graduates."
"Students from large metropolitan areas are most likely to identify with our stores."
"We have found that graduates of eastern schools are less likely to stay in the midwest."
"Many graduates of southern and southwestern schools are reluctant to relocate."
"Our experience has been that smaller colleges have graduates with a more well-rounded background who tend to be more realistic regarding their role in business."

Among the 80% of the companies answering NO to the question were many who indicated that well-qualified graduates are to be found in different types of schools. It was noted that differences do not relate to the size, type, or location of the institution but to the cultural background of the students and to the nature of the curriculum as well as the quality of the faculty. Illustrative comments follow:

"Outstanding graduates can be found in any American college and there is a danger in correlating quality of students with type of institution."
"The calibre of students is the most significant factor and we see little difference in the schools from which they graduate."
"In our business, the individual contributes most. We just want graduates willing to work."
"The training and personal attributes we seek are not a function of the type of school."
"We recruit from all types of schools in which there is a good program in mechanical engineering."
"We attempt to get students who have done well academically. I feel that they would have done well at any school."
"Rather extensive examination of eventual job success and school attended indicates no correlation."

THE IMPORTANCE OF THE MBA DEGREE

The question was: Assuming that a student has the personal and intellectual qualifications, will it pay to get an MBA degree in order to achieve a high level management position in your company?

Responses came from 193 companies. 45% answered YES and 55% answered NO.

Several who answered YES to the question indicated that the MBA is important mainly in the field of financial management or marketing. A good many stated that the company prefers to have graduates earn the MBA while employed and noted that there is a tuition reimbursement plan. A variety of reasons was given in support of the MBA degree. Some indicated that MBA's are more competitive. Others stated that they are more carefully selected and that the degree is important evidence of achievement. Some illustrative comments follow:

"An MBA is by no means a necessity but, in the long run, it will become more recognized as a key to management."

"All other things equal, a graduate with an MBA is usually considered a faster track individual than a person with a Bachelor's degree."

"We maintain an accelerated sales management development program for MBA's, offering a special competitive salary and structured advancement schedule not available to non-MBA's."

"An MBA usually will be hired at a more responsible level and therefore skip over some of the initial learning years, although advancement to management may not be faster."

"Our company must attract top-rated MBA's to sustain management potential. MBA's of this type are usually placed in a program with an accelerated pace."

"We value, in particular, the MBA which has been earned in an evening program while working for the company. This demonstrates the kind of career orientation which senior management likes to see."

"The MBA is essential in finance, marketing and marketing research. We rarely hire Bachelor's degree graduates in these fields."

"For a person with a technical undergraduate degree, the MBA provides necessary business/financial expertise for broader managerial responsibility."

"We attach importance to the MBA degree, but we prefer to encourage selected Bachelor's graduates to earn the MBA in a part-time or evening program, taking advantage of our tuition reimbursement plan. We do not actively seek MBA's."

"In a company such as ours, the engineer must prove himself as an engineer for a number of years to get to a management level. Once there, an MBA will help in future advancement."

"An MBA is more likely to be selected for our development program. Promotion is on merit, but you must be hired before you can be promoted."

"All self-development helps to make one person more valuable than another."

A large number of those who answered NO to the question regarding the MBA degree indicated that promotion to management positions depends solely on performance. These respondents seem to agree that experience on the job is much more important than the degree. Illustrative comments follow:

"Essentially, it has been our experience that Bachelor's degree graduates have the same upward mobility as MBA's."
"An MBA is of no value in being chosen to achieve management level but it may be of value in better performing a job."
"Work experience with a Bachelor's degree is more valuable in most of our departments for management positions than an MBA."
"We prefer to hire people with undergraduate degrees, train them, and then promote them. Most of our executives have followed this path."
"Our company provides additional training for those who have management potential."
"MBA's compete on an equal basis with BS's and BA's for management positions."
"The MBA without experience is not significant in positions we fill from the outside."
"For us, the Master's degree should be in a technical field. The administrative end of the business can be acquired on the job.
"We hire from both levels in great numbers and care little which degree is held."
"A Master's degree is not required for our training program and most MBA's have priced themselves out of our market."
"After a few weeks, nobody remembers what school they attended, what the GPA was, or how many degrees they have. It comes down to what they are contributing, how they are developing, and how they are progressing."
"Too many college people are encouraging students to stay in school just to keep MBA enrollments up."

EMPLOYER RESPONSE IN PREVIOUS YEARS TO SIMILAR QUESTIONS

In previous annual surveys, a very similar group of about 200 employers were asked to evaluate the importance of the MBA degree. It is interesting to compare their responses with those reported above.

In 1968, ten years ago: "Is the MBA a distinct asset in reaching management levels in your company? YES - 32% NO - 68%

In 1973, five years ago: The question was stated <u>exactly</u> as it was this year. YES - 42% NO - 58%

This year, 1978: YES - 45% NO - 55%

EMPLOYERS' SUGGESTIONS FOR COLLEGES AND UNIVERSITIES

As consumers of the product of our colleges and universities, respondents to this year's inquiry were invited to list helpful suggestions for these institutions. The question was: If you were to offer suggestions to those responsible for the education of young men and women in colleges and universities, what would these suggestions be?

Space was provided for suggestions addressed to schools of engineering, schools of business administration, and colleges of liberal arts.

The most common suggestions for schools of engineering were the following, in order of frequency:

1. A "hands-on" approach to engineering, more co-operative programs and more work experience for students.
2. Improve communications skills.
3. Less emphasis on research and design.
4. Closer contact with industry.
5. More faculty members with industrial experience.

Illustrative comments:

"Be sure that students understand "hands-on" engineering as well as theoretical engineering. More 5-year co-op engineering programs."
"Require a basic course in written/oral communication. Too many engineers can't write letters and reports."
"Provide much more instruction in management skills which are essential for advancement to supervisory levels."
"Engineers should have a basic course in accounting and understand the computer."
"More faculty members who have had engineering experience in industry."
"Greater effort to attract women and minorities to engineering, the mainstream leading to success in industry."
"Drawings are the language by which engineers communicate. With no skills in drafting, an engineer is in trouble."

For schools of business administration, the following suggestions were most often indicated:

1. Much greater effort to improve communications skills.
2. More co-operative and work experience programs.
3. Help students to have a better understanding of the job market in their fields and more realistic expectations.
4. Work more closely with business.
5. More adequate counseling and career planning for all students.

Illustrative comments:

"Stress practical knowledge and de-emphasize theory."
"A way should be found to require counseling and career planning, beginning in the freshman year."
"Because many companies require some degree of technical competence, there should be courses in basic engineering."

For schools of business administration - illustrative comments:

"Urge students to work in industry 2 or 3 years before pursuing an MBA program."
"Teach students how to write intelligent letters and reports."
"Involve industry managers in college seminars and establish joint programs with companies whereby professors can get practical experience."
"Sharpen communicative skills. Business people spend half their corporate lives communicating with each other."

Because many companies employ very few liberal arts graduates, some respondents did not offer suggestions to liberal arts colleges. About two-thirds of them did, however, including the following:

1. Offer more business related courses.
2. Make students more aware of the job market for liberal arts graduates.
3. Improve counseling and career planning services.
4. Provide more opportunity for experience in business.
5. Help each student to acquire a marketable skill.

Illustrative comments:

"Include computer and other business related courses in the curriculum."
"Improve career counseling. Most counselors do not know what business needs."
"More courses in oral and written expression as well as a basic management course."
"Employ more professors who have had actual experience in business."
"Inform students that many industries cannot utilize a strictly liberal arts degree."
"A liberal arts education is not necessarily going to be a plus in today's industrial job market but there is still much to be said for it for other reasons."
"No suggestions! Liberal arts colleges have never listened to us but they want our money."

HOW COMPANIES SELECT COLLEGES AND UNIVERSITIES

A total of 186 companies indicated the factors which are most important in selecting colleges and universities for recruiting purposes.

Responses showed that the factor of greatest importance to almost all companies is the reputation of the school and the quality of the instructional program with special reference to fields of greatest interest such as engineering, accounting, and business administration. About one-half of the companies consider the location to be important, preferring institutions not too far from offices and plants. Most companies tend to concentrate on schools where they have had success during past years and those with graduates who have performed well on the job. Special mention was made of the effectiveness of the placement office. Of importance to some companies is the number of women and minority graduates in critical fields.

SUMMARY AND TRENDS

A total of 202 companies supplied information for the thirty-second annual report regarding the employment of college graduates in business. Most are large or medium-sized corporations which regularly recruit college men and women.

Company responses were received during the early weeks of November, 1977. When asked to describe the business outlook for their company in 1978, 54% indicated that business would be better. Only 4% predicted that business would not be as good.

The reporting companies expect to hire 14% more college graduates at the Bachelor's level in 1978 than were employed from 1977 classes. At the Master's degree level, the increase will be 9%. In greatest demand will be graduates in engineering, accounting, business administration, sales, and computer science.

Almost without exception, these companies will raise starting salaries from 3 to 7 percent. Predicted averages for 1978 indicate that Bachelor's degree graduates in engineering will be offered about $1390 per month, accountants about $1122, graduates in business administration about $1004, and liberal arts graduates about $950 per month.

Master's degree graduates in engineering will receive, on the average, about $1521 per month, those in accounting about $1329, and those with the MBA about $1574 if they earned an undergraduate degree in technical fields. MBA graduates with non-technical Bachelor's degrees will receive about $1483 per month.

When colleges are selected for recruiting purposes, the most important factor was reported to be the strength of the offering in fields of special interest such as engineering, accounting, and business administration.

Forty-five percent of the companies indicated that it would be helpful to earn an MBA degree in order to achieve a management position. Many of these companies have special programs for MBA's. However, 55% indicated that experience in the company is more important than the MBA because promotion is based on performance, regardless of degree.

Reporting as consumers of the product of our colleges and universities, employers were asked to offer suggestions to these institutions. Most frequently listed were: more practical and work-related offerings such as co-operative programs, more attention to communication skills, more adequate counseling and career planning services, better understanding of the job market by students and closer relationships with business and industry.

CONCLUDING STATEMENT

It is important to express appreciation for the interest and cooperation of the many personnel executives who supplied information upon which this report is based. It is hoped that the findings will be helpful. It is also important to express special appreciation to Mrs. Victoria Mackenroth, Administrative Assistant in the Placement Center, Northwestern University, who - for twenty-one years - has been responsible for much of the tabulation and preparation of these reports.

Northwestern University

Frank S. Endicott
December, 1977